IMX Resources
PERTH | TANZANIA

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# Chilalo Graphite Project – Update on Marketing and Off-take Discussions

***Initial feedback from end-users indicates that Chilalo's graphite is suitable for the rapidly growing lithium-ion battery sector in China***

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## Key Points

- **Successful marketing visit completed to China, with positive feedback received from five Chinese end-users on the results of recent metallurgical testwork on Chilalo material.**
- **End-users are currently testing Chilalo graphite samples.**
- **End-users have indicated that the high-purity graphite from Chilalo may be ideally suited to spherical graphite production for use in lithium-ion batteries.**
- **The high-purity of Chilalo graphite could reduce the costs of graphite purification, a key step involved in the production of spherical graphite.**
- **Expressions of interest received for financing the development of the Chilalo Project.**

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IMX Resources Limited (ASX: IXR, TSX: IXR, IXR.WT) ('**IMX**' or the '**Company**') is pleased to advise that it recently concluded a successful marketing visit to China, during which it received positive feedback on the quality and commercial potential of its flagship **Chilalo Graphite Project** in south-east Tanzania and also obtained valuable market information.

**Marketing and Off-take**

The end-users targeted by IMX have exposure to either existing spherical graphite production facilities and/or lithium-ion battery factories or are currently constructing these factories in China.

Following meetings with five Chinese graphite end-users, the Company has gained significant confidence in its development strategy for Chilalo – with positive feedback received on recent metallurgical results (see ASX Announcement 19 May 2015) and initial indications from end-users that Chilalo's high-purity graphite is expected to be suitable for the production of spherical graphite.

Spherical graphite is used in the manufacture of lithium-ion batteries, which is one of the fastest growing sectors in the global graphite market.

Two of the end-users are currently testing Chilalo graphite samples, with additional samples currently *en route* to other customers. Encouragingly, all end-users have expressed an interest in financing the development of the Chilalo Project.

IMX's Chief Executive Officer, Mr Phil Hoskins, said end-users had confirmed that, with its high quality and purity, Chilalo graphite had the potential to be a highly desirable product.

"We consider early engagement with potential customers and off-takers to be a critically important aspect of the successful development of our Chilalo project. We are delighted with the feedback we have received so far from end-users and continue to tailor metallurgical optimisation to their requirements," he said.

"Purification is a high-cost step in producing spherical graphite, and the feedback received from end-users to date is that this cost could be reduced by using Chilalo product," he said.

**Li-ion Battery Demand**

It was evident from the visit how seriously the Chinese Government views the issue of pollution, with significant policy initiatives being implemented in a bid to increase the uptake of electric vehicles. Whilst the policies vary between provinces, there was a consistent theme of subsidies for electric vehicle purchases and free registration for electric vehicles compared with additional costs for owners of petrol vehicles.

From a nationwide perspective, electric vehicle purchases have been prioritised by policy makers with manufacturing facilities being built in major cities and expected to be rolled out to other cities, facilitating larger scale deployment of electric vehicles.

"We were impressed by the various policy initiatives that the Chinese Government has implemented – which is one of the reasons the Chinese place strategic value on securing high-quality graphite supply," Mr Hoskins said. "It is clear from the meetings we had that significant investment in graphite research and development and battery capacity building is already taking place.

"While Tesla only recently unveiled its PowerWall and PowerPack energy storage devices, China's energy storage batteries for home and business use are already in place.

"The movement to electric vehicles and home energy storage in substantial markets such as China and the USA will drive a significant increase in demand for battery-grade spherical graphite, and it appears that Chilalo graphite may be ideally suited to take advantage of this demand," he added.

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**About IMX Resources Limited**

IMX Resources is an Australian minerals exploration company that holds a 5,800 $km^2$ tenement package at the Nachingwea Property in south-east Tanzania. The Nachingwea Property hosts the Chilalo Graphite Project, the Ntaka Hill Nickel Project and the Kishugu and Naujombo Gold Prospects. IMX's primary focus is on high-grade, high quality graphite and it is rapidly advancing development of the Chilalo Graphite Project, where there is a high-grade JORC Inferred Resource of 7.4 million tonnes grading 10.7% Total Graphitic Carbon, for 792,000 tonnes of contained graphite. Chilalo is located approximately 220 km by road, from the deep water commercial Mtwara Port, the majority of which is a sealed main road. IMX aims to become a respected supplier of high quality graphite for the clean technology economy.

To find out more, please visit www.imxresources.com.au.